THE DEPUTY CHAIRMAN: We had a meeting with the leaders of various political parties on this Bill and whatever doubts that were there in the minds of the Members were cleared by the Minister. Now, ire would like to express himself on the" floor of the House. If the House agrees, we may delay the Private Members' Business a little while, not very long.

SHRI PRANAB MUKHERJEE (West Bengal): But that time should be. made up.

THE DEPUTY CHAIRMAN: Yes, the time lost here can be made up later on. Now, Shri Jethmalani. He is not here. Ms. Saroj... IQiaparde. Ms. Khaparde, your name is there among the movers of the Resolution.

MISS SAROJ KHAPARDE (Maharashtra): Madam, as per your direction... *(interruptions)*...

THE DEPUTY CHAIRMAN: I am just asking. I am not giving any direction.

MISS SAROJ KHAPARDE: I am not moving it.

THE DEPUTY CHAIRMAN: I am not directing you.

MISS SAROJ KHAPARDE: Madam, I was talking to Mrs. Renuka Chowdhury. So, my mind was there. I am sorry.

SHRIMATI RENUKA CHOWDHURY (Andhra Pradesh): Everybody is... *(interruptions)*...

MISS SAROJ KHAPARDE: You were saying something to the Minister. So, I was trying to listen to what you were saying to him.

THE DEPUTY CHAIRMAN: Mrs. Renuka is so attractive that everybody's mind withers all the time.

SHRIMATI RENUKA CHOWDHURY: I think I have flattened.

THE DEPUTY CHAIRMAN: In this attraction, there is no gender bias. Equal proportion.

Now, Mr. Ram Jethmalani, not present. Shri Satish Agarwal, not present. Mr. Goel, don't you want to move the Resolution?

SHRI VEDPRAKASH P. GOYAL (Maharashtra): Madam, I am not moving it.

THE DEPUTY CHAIRMAN: So, the Statutory Resolution is not being moved. The hon. Minister can move his Bill.

THE RESERVE BANK OF INDIA (AMENDMENT) BILL, 1997

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Madam, I beg to move:

> That the Bill further to amend the Reserve Bank of India Act, 1934, as passed by Lok Sabha, be taken into consideration.

Madam, efficient financial intermediation is a *sine qua non* for a healthy and vibrant economy. Given the twin needs of providing adequate protection to the depositors and for maintaining the stability of the financial system, financial intermediaries all over the world are subject to various degrees of prudential regulation. In India, the regulatory framework for banks has evolved over a considerable period of time. However, attempts to regulate the working of the non-banking financial companies started only in 1960 with the introduction of Chapter III-B in the Reserve Bank of India Act. Since then, the operations of the non-banking financial companies have increased manifold. The need for a more comprehensive regulatory framework for the working of the non-banking financial institutions was, therefore, acutely felt. The Joint Parliamentary Committee, which enquired into the irregularies in the securities and banking transactions, had recommended that the Government should examine whether the legislative framework for regulating the non-banking financial companies was sufficiently wide.

The Working Group on Financial Companies appointed by the Reserve Bank of India under the Chairmanship of Mr. A.C. Shah had suggested regulatory and control measures to ensure the healthy growth and operation of these companies. These amendments are, therefore, being made to Chapter III-B of the Reserve Bank of India Act. There is another Chapter, Chapter III-C. In so far as the acceptance of the deposits by unincorporated bodies in concerned, i.e., individuals, firms and association of persons, these have so far been governed by the provisions contained in Chapter III-C of the Act. Despite these provisions, some of the unincorporated bodies were found to have circumvented the statutory restrictions by floating different partnership firms as and when the firm reached . a • level of 250 depositors. There are reports of several financial companies and unincorporated bodies having failed to repay the deposits collected from unsuspecting depositors who have been tempted by the attractive returns and incentives offered. Concern has been expressed in several quarters on the need to take urgent steps to regulate the activities of such companies and unincorporated bodies. It is against this background that the Reserve Bank of India (Amendment) Ordinance, 1997 was promulgated.

Madam, some apprehensions have been expressed about the scope of chapter 3(c) and in particular section 45(6). Thanks to your kind invitation, Madam, I have the opportunity to explain the salient features to some of my friends from the benches opposite and I want to take just three or four minutes to explain the salient features to the whole House so that the whole House can understand the provision and any misapprehensions can be allayed.

Firstly, Madam, what we are doing is only dealing with financial intermediation. We are not dealing with any individual or firm or unincorporated body which deals in any other business or trade. For example, if somebody is doing steel business or somebody is doing paddy business or somebody has got a shoe shop, he is not affected by the amendment made in chapter 3(c) at all. It is only financial intermediation which is controlled by chapter 3(c).

Secondly, the validity of existing chapter 3(c) was challenged in the Supreme Court, and in 1993, the Supreme Court upheld the power of Parliament to make a law under chapter 3(c) regulating or prohibiting taking of deposits by individuals, firms and unincorporated bodies. Madam, what we are doing is not interfering with the lending side of financial intermediation. We are only regulating the deposit taking side of financial intermediation. Even under the present law, a moneylender can lend money, a firm broker can do firm broking business-, a loan company can give loans, but you would have to do so with your own money or money taken from 22 categories of relatives or money given to you by commercial banks and co-operative banks or moneys which do not fall within the definition of deposits. What we are doing is you cannot take a deposit. Only seven activities are prohibited and all seven are financial intermediation activities. Six activities are listed in section45(I) clause (c) of the RBI Act. The seventh activity is pure and simple — taking deposit and lending. What does 45(I)(c) say? 45(I)(c) lists six activities and they are:

1. The financing whether by way of making loans or advances or otherwise of any activity, other than its source. This is popularly called a loan company, a company which jives loans, medium-term loans and long-term loans.

2. The acquisition of shares, stocks, bonds, debentures of securities issued by Government or local authorities. This is also financial intermediation. You cannot carry on dealing with securities using borrowed money, depositors' money.

3. Deals with Higher Purchase Act, I will skip that for the time being and I will come back to it.

4. Carrying on any class of insurance business.

5. Managing, conducting or supervising any *chit* or *Kuri* because that is governed by the Chit Funds Act. You cannot do anything outside the Chit Funds Act.

6. Collecting for any purpose or any scheme or arrangement moneys and awarding prizes or gifts. These are honest prize competitions and prize schemes. It is also financial intermediation.

These, individuals, firms or unincorporated bodies cannot do.

Some apprehension was expressed about the hire purchase- business. It was pointed out that individuals were carrying on hire purchase business, firms are carrying on hire purchase business, what will happen to them? Yes, if the Hire Purchase Act is enforced, individuals and firms will be prohibited from doing that, but the Hire Purchase Act is not enforced. The Hire Purchase Act, 1972 was not notified. For the last 25 years, it has not been notified; therefore, the third activity, although nominally prohibited, is really not prohibited because the Hire Purchase Act is not enforced, and therefore, it has not immediate impact. If and when we decide and notify the Hire Purchase Act, we can consider — but I doubt very much whether an Act which has not been brought into force in 25 years is going to be brought into force now.

In fact, a new Bill was considered by the previous Government and even that Bill ran into a rough weather. We withdrew that Bill. Therefore, there is no danger if we can accept these activities as prohibited. The seventh activity which is prohibited is now contained in new section, 45(S) and that read, 'If you have it as a principal business is receiving deposits and lending...." Your principal business must be deposits and lending. If you are, say, a paddy merchant and you take deposits and you next shopkeeper is saree shopkeeper, he wants, say, Rs. 5,000/- immediately, you can give him the money because the principal business is not taking money and lending money. The principal business is only saree shop; the principal business is paddy merchant. They are not hit by 45(S). What is hit by 45(S) is the financial intermediation. Individuals, firms, unincorporated bodies should not do financial intermediation. Too many people have been cheated in Kerala, in Tamil Nadu, Sanat Mehtaji referred to Gujarat, another Member from U.P. referred to U.P. and Bihar. Too many people have been cheated. Such business should only be carried on by a company or by a corporation or by a co-operative society, a chit fund or a Nidhi as defined in the Companies Act. These are incorporated bodies. They are governed by the laws. They are required to file returns. They have to observe a number of prudential norms. Only they can carry on the business. Individuals should not carry or using other people's business. He can carry on his business by using his own money or his relatives' money. In the Lok Sabha, I have accepted three amendments for converting into a company of an existing company to continue....*(Interruptions)*... Three amendments were accepted; one was that the capital required was kept at Rs. 50 lakhs. It was pointed out that Rs. 50 lakhs is too much. I have accepted that amendment and reduced it to Rs. 25 lakhs. The second problem that was pointed out was that for people who wind up their existing financial intermediations, a period of two years was given. In the Lok Sabha it was pointed out that we must make it a longer period. We have now made it three years and have given one more year at the discretion of the Reserve Bank of India on an application made to it. It is now three plus one, four years. Then another amendment that was pointed out was that if an individual can take money

from 22 categories of relatives, why a partnership firm consisting of four people should not take money from 22 categories of relatives of each partner. It is logical. If an individual can take from 22 relatives, each one of the partners should also be allowed to take from him 22 relatives. Therefore, we have accepted that amendment. Each partner can also take money from 22 categories of relatives. These three amendments have been accepted in the Lok Sabha. One which I believe is being moved here, in principle, I am agreeing to, but I may not accept it for the time being. They want to enlarge the list of relatives. The list of relatives is not a very happy list. It is a gender biased list. It includes, say, stepsister, or it includes step-mother. It does not include step-father. It does not include some obvious relatives — father's brother or mother's brother. I agree with the spirit of it. But, unfortunately, I have lifted the table from the Companies Act. The same table occures in a large number of other Acts also. Therefore, I do not think that we should amend this Act now. When I amend the Companies Act, I will amend all the Acts carrying the table of the Companies Act. When I amend that, that amendment will take place. For the time being, people must be content with taking money from 22 relatives. We will see whether you need to take the money of more relatives.

SHRI SATISH AGARWAL (Rajasthan): You are content with yours. ... *(Interruptions)*...

SHRI P. CHIDAMBARAM: If any relative has to cry, let 22 other relatives cry first .....*(Interruptions)*... Otherwise, others can cry later. So, I submit that I have explained it . in the Deputy Chairman's chamber. I request, all of you please cooperate." Here is an important Bill. In Tamil Nadu Rs. 1,000 crores were cheated by these individual unincorporated bodies. You find bill boards saying — 36 per cent interest, 48 per cent interest. I receive a large number of letters saying, "Can you not do something? Can you not find them the money?" All this is completely bad. We must regulate deposits taking. You lend your own money, nobody is bothered. But, do not take a stranger's money and lend it. If you want to do that, convert into a company, convert into a Nidhi, or convert into a chit fund. That is the object behind this Bill. I request the Members to pass it.

The question was proposed.

श्री रामदास अग्रवाल (**राजस्थान**)**:** मैं एक छोटा सा प्रश्न पूछना चाहता हूं वित्त मंत्री महोदय से। महोदया, उन्होंने कहा कि जो पार्टनरशिप फर्म है उसकी सेप्रेट आइडेंटिटी नहीं है। मैं उनसे निवेदन करना चाहूंगा कि अगर पार्टनरशिप एक्ट में भी संशोधन करके यह आवश्यक तो हो प्राईवेट लिमिटेड कम्पनी के मुकाबले में पार्टनरशिप फर्म को भी काउंट किया जाना चाहिए, क्योंकि अभी टेक्सेशन परपज़ के लिए आपने ऑलरेडी उसकी फर्म पर टैक्स लगा दिया है और वह एट पार आ गई है प्राईवेट लिमिटेड कम्पनी के। पार्टनरशिप फर्म को इससे डिबर न किया जाए और मंत्री महोदय ने जैसा विचार किया है कि अगर पार्टनरशिप फर्म में भी संशोधन होने से प्राईवेट लिमिटेड कम्पनी के एट पार हो जाएगा तो फिर यह सारी समस्याओं का समाधान हो जाएगा। वित्त मंत्री महोदय ने जो अमेंडमेंट स्वीकार किए और जिसके कारण सारा व्यापारिक समुदाय, ट्रेडिंग कम्युनिटी बहुत चिंतित थे, मैं समझता हूं कि मंत्री महोदय ने बडी उदारतापूर्वक इस विषयों को लेकर और जो भ्रम फैले हुए थे उनको दूर कर दिया है और इसकी प्रेक्टिकलिटी में कुछ डिफ्किल्टी बाद में आएंगी, तो वित्त मंत्री महोदय, उसके लिए मेरे ख्याल से मानसिक रुप से तैयार रहेंगे। उसके अगर और संशोधन करना पड़ेगा तो आप बडी उदारतापूर्वक विचार करे, ऐसा मेरा आपसे निवेदन है।

SHRI RAGHAVJI (Madhya Pradesh): I have moved an amendment... *(Interruptions)*...

THE DEPUTY CHAIRMAN: You have not moved it ....*(Interruptions)*...

SHRI RAGHAVJI: I have already moved an amendment but, so far, I have not received a copy of my amendment.. ..*(interruptions)*....

उपसभापतिः मैंने चेयर से सारे नाम एनाउंस किए थे। ...(**व्यवधान**)... एक सेकेंड जरा खमोश रहिए। I think I dare tell him. If everybody wants to use the authority to tell, I have no objection, but the Member would not understand. If you authorise me to be your voice, can I do that? At the time when the Minister had got up I said, 'there is a statutary resolution disapproving it.' I even announced all the names; Sarojji said that she is not moving, Mr. Pachouri said that he is not moving and there was no other Member to move it. Mr. Goyal also said that he is not moving.

आप उस समय यहां मौजूद नहीं थे। खाली नोटिस देने से कुछ नहीं होता। खड़े रह कर मुव करना पड़ता है। The bus has left your stop. Now, I asked somebody to speak.

डा. ईश्वर चन्द्र गुप्ता (उत्तर प्रदेश): मि. रामदास अग्रवाल कि बात को आगे बढ़ाते हुए मेरा मंत्री जी से निवेदन है कि रजिस्टर्ड फर्म जो है वह एक सेप्रेट एंटिटी है। उनको इस केटेगरी में आज ही इंक्लूड कर लिया जाना चाहिए। इंकम टैक्स में भी, जब आप टैक्स लगाते है तो जो रजिस्टर्ड फर्म है उनके ऊपर एक सेप्रेड टैक्स लगता है तो उनकी एक सेप्रेट एंटिटी है और उनको यह बिजनेस करने के लिए आपने दो-तीन बातें कहीं कि यह फर्म कंवर्ट हो जाएं लिमिटेड कम्पनी में। उसमें कुछ कठिनाईयां है। जिस फर्म में कुछ पार्टनर्स आज तक काम करते आए हैं यह आवश्यक नहीं है कि उस फर्म में उनको कम्पनी में रजिस्ट्रेशन मिज जाए। यदि कोई ऐसा कानून बन जाए कि वह कम्पनी लॉ में एप्लीकेशन दे और उनको वह ने मिलने में प्राथमिकता दी जाए तो शायद उनको सुविधा होगी। इसी प्रकार जब वह पार्टनरशिप को कम्पनी में तब्दील करेंगे तो केपिटल गेन टैक्स एप्लीकेबल होगा। अभी हाल में आपने अपनी बजट स्पीच में जो स्टाक एक्सचेंज के ब्रोकर थे उनको यह एलाऊ किया है कि वह अपनी इंडिविज्युअल टिकट को लिमिटेड कम्पनी में कंवर्ट करेंगे तो केपिटल गेन से एक्जष्ट हो जाएंगे। मेरा आपसे नम्र निवेदन है इन फर्मो को जो अभी तक हायर परचेस का बिजनेस करती आई है अगर वह कम्पनी में कंवर्ट करें उनको भी केपिटल गेन से एक्जम्प्ट करदें क्योंकि फर्मो के पास बहुत सी प्रोपर्टी है जिनकी वेल्यू आज बढ़ जाएगी। वह स्वयं उसे वेचना नहीं चाह रहे हैं। उनके पार कोई प्रोफिट नहीं आ रहा है। क्योंकि आप एस तरह का कानून ला रहे है कि यह बिजनेस अब पार्टनरशिप फर्म नहीं कर सकती। इसलिए उन्हें बाध्य होकर अपनी कम्पनी को बनाना पड़ेगा इसलिए उनको केपिटल गेन से मुक्त करदी है। दूसरे, दो-तीन चीजें, आपने उसमें रजिस्ट्रेशन कम्पलसरी किया है। बहुत जरूरी है कि रिजर्व बैंक के पास इन कम्पनियों का रजिस्ट्रेशन होगा। लेकिन पुरे देश में 56 हजार कम्पनियां हैं। आज रिवर्व बैंक के पास इतना इनफ्रास्ट्रक्चर नहीं है कि वे रजिस्ट्रेशन के लिए जो एप्लिकेशन देंगे उनका जल्दी से क्लीयरेंस कर देंगे। जल्दी से जल्दी रिजर्व बैंक उन सबका क्लीयरेंस करे। अभी हाल में घोषणाएं की है कि 15 परसेंट से ज्यादा हायर परचेज कम्पनियां रेट आफ इंटरेस्ट चार्ज कर सकती ऐ। बशर्ते कि रिज़र्व बैंक में उनका रजिस्ट्रेशन हो और कुछ नियमों का वे पालने करें। ऐसी सारी एप्लीकेशन्स के लिए रिज़र्व बैंक के पास इतना इनफ्रास्ट्रक्चर होना चाहिए कि वह जल्दी से जल्दी उन एप्लीकेशन्स को क्लीयर कर दें।

इसी तरह से रेटिंग की एक आवशयकता है कि क्रिसिल से या इकरा से ये कंपनियां अपनी रेटिंग कराएं। मान्यवर मंत्री जी, क्रिसिल या इकरा की रेटिंग के चार्जेज़ आपको मालूम होंगे कि वे इतने ज्यादा है कि एक केस के 50,000, 60,000 या 70,000 रुपए उनके चार्जेज़ हैं। आज पुरे देश में रेटिंग का कोई इनफ्रास्ट्रक्चर नहीं है। इतनी बडी संख्या में कंपनियां नहीं हैं कि 56,000 कंपनियों की क्रेडिट रेटिंग कर पाएं। मेरा आपसे विन्रम निवेदन है कि जब तक देश में ऐसा इनफ्रास्ट्रक्चर तैयार न हो जाए, तब तक रिज़र्व बैंक बैलेंस शीट को देख ले। चार्टर्ड बैंकों के कुछ ऐसे नियम बना दिए जाएं कि चार्टर्ड बैंक उनके ऊपर अपनी टिप्पणी कर दें लेकिन रेटिंग के लिए जब तक देश मे ऐसा इनफ्रास्ट्रक्चर खड़ा न हो जाए, रेटिंग की इन कंडीशन्स को विदड्रा कर लिया जाए उस समय तक जब तक कि रेंटिंग के लिए इतनी कंपनियां खडी न हो जाएं।

महोदया, एक बात और मुझे कहनी है। इसमें नियम बनाया है कि अपने प्रॉफिट का 20 परसेंट भाग रिज़र्व में ट्रांसफर कर देते है। यह निर्णय तो बोर्ड ऑफ डायरेक्टर्स तय करेंगे। अगर गवर्नमेंट ऐसा नियम बनाएगी कि हम अपने प्रॉफिट में से कितना रुपया रिज़र्व में ट्रांसफर करेंगे तो मैं समझता हूं कि यह बहुत बडी ज्यादती होगी। आज भी नॉन-बैंकिग फाइनेंस कंपनिज़ के ऊपर एक नियम है कि जितना डिपॉज़िट उनके पास है, उसका 15 परसेंट एमाउंट उन्हें गवर्नमेंट सिक्योरिटीज़ में डिपॉज़िट करना पड़ता है। अपने डिपॉज़िट का 15 परसेंट वे पहले ही गवर्नमेंट सिक्योरिटीज़ में ट्रांसफर कर देते है तो मैं

समझता हूं कि नेट प्रॉफिट का 20 परसेंट रिज़र्व में ट्रांसफर करने की कोई आवश्यकता नहीं है। अगर 20 परसेंट हम रिज़र्व में ट्रांसफर करेंगे डिपॉज़िट को सेफगार्ड करने के लिए तो जो अपने ईक्विटी होल्डर्स हैं, जो शेयर होल्डर्स है उनको हम डिविडेंड कहां से देंगे? यह निर्णय तो बोर्ड ऑफ डायरेक्टर्स के ऊपर छोड़ना चाहिए, कंपनी का बोर्ड बहुत सक्षम होता है। लिमिटेड कंपनी के बोर्ड ऑफ डायरेक्टर्स तय करेंगे कि प्रॉफिट में से तो कितना एमाउंट ट्रांसफर किया जाए या न किया जाए। वैसे भी कुछ न कुछ पोर्शन तो रिज़र्व में ट्रांसफर किया जाता है। मैं समझता हूं इन चीज़ों पर मंत्री जी और ध्यान देंगे। माननीय मंत्री जी ने हमारी बहुत सी बातें मान ली है। सबसे बडी बाह यह है कि जो पार्टनरशिप कंपनियां हायर परचेज़ नही कर सकेंगी हायर परचेज़ कंपनी का ऐक्ट आज देश में लागू ही नहीं है....

उपसभापति: हम लोग प्राइवेट मैम्बर्स के बिजनेस में एनक्रोच कर रहे है इसलिए कृपया..... आप ये बातें कह चुके हैं मेरे चैम्बर में,ज़रा संक्षेप में कह दीजिए, वे समझ रहे हैं, जवाब दे देंगे।

डा. ईश्वर चन्द्र गुप्ताः बहुत सी चीज़ें उन्होंने मान ली है। जो उवाइंट्स मैंने रेज़ किए है, आशा है मंत्री जी उनके ध्यान देंगे। बहुत-बहुत धन्यवाद।

SHRI P. CHIDAMBARAM: Madam, I would briefly respond.

I recognise the force behind the argument that the registered partnership firms should be treated separately. Unfortunately, under our present law, today, registration is not compulsory. The bulk of the partnership firms in the country are unregistered firms. In fact, by a simple calculation, if you have five people in a room, they can form something like 5x4x3x2, i.e. 120 partnerships, by applying permutation and combination. Therefore, partnership firms can mushroom and they can disappear. We can treat them on par only when we make a law for compulsory registration of partnerships, by creating a category of partnerships known as registered partnerships, and applying prudential norms to them. It is only then we can treat them on par with private limited companies.

A partnership law is under contemplation, I understand. If that law deals with registered firms, lays down capital adequacy, lays down prudential norms and reserve norms, and requires them to publish balance-sheets and profit and loss statement, they could be treated on par with private limited companies. But until such a law is made, it cannot be done.

In a vast country like Inida, where, in villages also, informal partnerships spring up—you can dissolve it also; there is no law — regulating such partnerships is difficult now.

I will consider the point made that when a partnership wants to convert into a company capital gains should not become a burden. I did it for stock brokers in my recent Budget. I will go into this. I will give my best and sympathetic consideration to this suggestion.

Madam, as I said, I recognise the force in what what the hon. Member has said. But for the time being, please pass this Bill. I will keep all these points in mind. When we amend the Company Law, we will take care of many of the points which Mr. Goyal has made. As and when the partnership law is made, we will take care of these points. We will consider the question of capital gains in regard to a partnership converting into a company. A question is how many NBFCs have been registered with the RBI so far. As on the 31st of January, only 854 NBFCs have Hpen registered under the guidelines. They will fall under Chapter 3(B), and they will have to observe capital adequacy and prudential norms. Their number is only 854.

Others may have the word "company" in their name, but they are not companies. We should not be carried away by the fact that we see a name like "Negam Finance Co." It is not a company. It is just taking the word "company". It becomes a company when it is incorporated and it is called "Negam Finance Private Ltd." or "Negam

Finance Ltd." The word "company" is very misleading in this country. You can have any number of companies. Some call themselves "So and so and Co." That is not a company. That is simply a firm, an unregistered association of persons.

There are only 854 persons registered with the RBI.

SHRI RAGHAVJI: Madam, a small clarification.

You can put restrictions on firms taking deposits and lending money.

उपसभापतिः राघवजी, जब ऐग्रीमेंट हो जाता है कि कुछ नहीं बोलेंगे और फिर बोलते हैं तो

I will adjourn this matter, and we will take up the next item. फास्ट पूछ लीजिए, वह जवाब दे देंगे।

राघवजीः प्रश्न मैंने पूछ लिया है। मंत्री जी जवाब तो दें।

उपसभापतिः मंत्री जी, आप जवाब दे दीजिए।

SHRI RAGHAVJI: You have put restrictions on the companies. In the j same fashion, you could have put restrictions on those taking deposits and are doing the lending business so that they could also do the business.

SHRI P. CHIDAMBARAM: My answer is this. Which is this firm? Where does it exist? If two persons can come together, it is a firm. There need not be a written agreement. There can be an oral agreement. No capital need be brought in; no capital could be there. Therefore, the firm today is nothing more than an association of individuals who come together and call themselves a firm. I cannot regulate them. You could have any number of partnerships in 6,50,000 villages of this country.

SHRI RAGHAVJI: These firms which are doing the money-lending business and are accepting deposits should also be restricted. They can be registered, though not as firms.

SHRI P. CHIDAMBARAM: Raghavji, how do I know the firm? A partner can come in and a partner can go out. If a partner is added, it can be the same firm or it may be another firm. It is simply not possible to regulate them.

THE DEPUTY CHAIRMAN: Okey, now it is over. Nothing else now.

SHRI V. NARAYANASAMY (Pondicherry): Madam, we are passing this Bill. There should be same clarifications given to Member*.

Madam, some of the non-banking finance companies in various States have collected money in the name of deposits from depositors. Some of them have not paid back the money. Complaints were lodged. Some of the depositors organisations wrote to the Reserve Bank of India, some criminal prosecution has been launched by the concerned State Governments.

I feel that the Finance Ministry should have taken the steps earlier for regulating that kind of business. The hon. Finance Minister has brought the Bill now. Lakhs of depositors have lost their money. The State Governments are trying their best. The Finance Ministry has a role to play in this regard. The persons who paid money, could not get it back.

I came to know of one case in my State. What has been done is that people got money from them. They are correcting it in the computer. If Rs. 2 crores is there, they are making it only Rs. 20,000. This kind of activity is also going on. Therefore, I want to know from the Finance Minister what kind of relief they are going to give and whether they are going to instruct the State Governments or they are giving some guidance to them so that all the depositors who lost their money, are protected.

THE DEPUTY CHAIRMAN: I think this Bill is meant for that only. That is the reason why the Minister has brought forward this Bill.

SHRI V. NARAYANASAMY: It is for future, Madam. But the people have already lost it.

उपसभापतिः रिट्रोस्पैक्टिव अफैक्ट से कैसे होगा? यह बिल आज पेश कर रहे हैं।

SHRI P. CHIDAMBARAM: It was because of absence of a regulation those crimes took place. It has not taken place now. It had taken place in 1994-95 and in 1995-96. I wish there had been a greater vigilance to ask questions about it in 1994-95 and 1995-96. When I assumed Office, one of the things I said—I do not know whether I said in -this House or in that House—that I intend to bring a law to regulate this, because while driving to Airport in Madras I see several billboards on the way. One says 36 per cent. About one hundred feet later the next bill-board says 42 per cent and the next bill-board says it is 48 per cent. I have always maintained, even when I was Commerce Minister, that this must be regulated. There was no regulation. When I took-over, I requested the RBI Governor to quickly advise me on making a law to regulate this kind of business activity. We have spent six months for this. Last December I had said that I would bring a Bill and we have brought this Bill. Tamil nadu has enacted a law to prosecute these people. Andhra pradesh Chief Minister has told me that he is introducing a Bill in this session itself to prosecute these people. That power is vested with the States, it falls under List III. Therefore, the State has to make a law for .prosecution. We arc making a law for regulating the deposit-taking. That is the power which has been upheld. It is Entry 43 or 44 of List I. Therefore, we are making a law regulating deposit-taking and they are making a law on prosecution, attachment, seizure of assets and return of money to depositors. Tamil Nadu has made a law. If Pondicherry requires a law of that kind, I can certainly advise the Minisry of Home Affairs to look into the matter and enable Pondicherry also to have a law of that kind.

THE DEPUTY CHAIRMAN: I think everybody is satisfied now. I shall put the motion moved by Shri P. Chidambaram to vote.

The question is:

> That the Bill further to amend the Reserve Bank of India Act, 1934, as passed by Lok Sabha, be taken into consideration. *The motion was adopted.*

THE DEPUTY CHAIRMAN: We shall now take up clause-by-clause consideration.

Clauses 2 to 8 were added to the Bill.

THE DEPUTY CHAIRMAN: Clause 9. Mr. Raghavji, are you moving your amendment?

SHRI RAGHAVJI: Madam, in view of the assurance given by the Hon. Minister, I am not moving my amendment.

Clause 9 was added to the Bill.

Clauses 10 to 13 were added to the bill.

Clause 1, The Enacting Formula and the Title were added to the Bill.

SHRI P. CHIDAMBARAM: Madam, I move:

The the Bill be passed.

The question was put and the motion was adopted.

THE DEPUTY CHAIRMAN: Now, we take up Private members' Legislative Business. Bills for introduction.

PRIVATE MEMBERS' BILLS

3.00 म.प.

श्री एस.एस. अहलुवालिया (बिहार): महोदया, मेरा व्यवस्था का सवाल है। मैडम, प्राइवेट मेंबर बिल की जो परम्परा हमारे सदन में है, इसमें सदस्यों को यह अधिकार दिया है, हमारे संविधान बनाने वालों ने और व्यवस्था चलाने वालों ने कि इसमें ट्रांसपेरेसी रहे और प्राइवेट मेंबर बिल का सरकार का ध्यान आकृट करने के लिए विभिन्न मुद्दों के माध्यम से लाए जाते है और सरकार का ध्यान आकर्षित करते है। लेकिन जनहित में और राष्ट्रिहित में ऐसे बिल भी बनने चाहिए,